



Dan Bucks
Director

Montana Department of Revenue



Brian Schweitzer
Governor

RECEIVED

December 2nd, 2008

DEC 04 2008

To: Ravalli County Treasurer
Jo Anne Johnson
215 South 4th, Suite H
Hamilton, MT 59840-2853

Ravalli County Commissioners

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RE: Tax Year 2007 Settlement Agreement between NorthWestern Energy and the Department pertaining to the Montana Apportioned Value

Dear Treasurer Johnson,

NorthWestern Energy and the Department have agreed to a settlement for tax year 2007. The settled Montana market values were reduced by 6.121473% for all classes of property in 2007. The market values remained unchanged for 2005 and 2006 and can be released from your protested escrow accounts. Additionally, as part of the settlement agreement, NorthWestern Energy will not protest for 2008.

The 2007 revised valuation information has been sent to the Department's local offices in your county so the revised values can be entered into the computer systems. The difference between the taxes assessed on the originally certified valuation and the value reflected on the revised valuations needs to be refunded to NorthWestern Energy (plus interest as prescribed in 15-1-402, MCA) from your County's 2007 protested tax account. The rate of interest has been calculated at 3.0516% per annum for the 1st half payments and 2.4674% per annum for 2nd half payments for the 2007 protest period. In calculating the interest, the State used a period of 11.9 months for the 1st half payment and 5.88 months for the 2nd half payment which leads to the actual rate of interest to be applied to the refund of 3.027% for the 1st half and 1.21% for the 2nd half.

1st Half Interest = 3.027% x Refund Amount

2nd Half Interest = 1.210% x Refund Amount

The remainder can then be released for use by your County.

Your County has already remitted the State's portion of the protested taxes in accordance with Montana statute. Only refund your County's portion from the protested tax account. The State will be responsible for remitting its portion of the owed refund to NorthWestern Energy. It is not necessary to for the county to refund the state's 101 mills / 102.5 mills.

NorthWestern Energy has requested that refund checks be sent to:

NorthWestern Energy
Property Tax Department
3010 W 69th Street
Sioux Falls, SD 57108

If you should have any questions or concerns, please contact me at 406-444-2569, or at my e-mail address listed below.

Sincerely,

Kory Hofland, Unit Manager
Business Tax & Valuation Bureau
PO Box 5805
Helena, MT 59604-5805
406-444-2569 khofland@mt.gov

c: Ravalli Superintendent of Schools
Ravalli County Commission